

STATE OF INDIANA       )  
                                  )  
COUNTY OF MARION     )

SS:

IN THE MARION CIRCUIT COURT  
  
CAUSE NO. 49C01-0707-MI-0029122

JIM ATTERHOLT, as the Insurance       )  
Commissioner of the Department of Insurance       )  
of the State of Indiana,                )  
  )  
                          Petitioner,                )  
  )  
  )  
                          v.                                )  
  )  
BENICORP INSURANCE COMPANY,        )  
  )  
  )  
                          Respondent.                )

**NOTICE**

TO: ALL PERSONS INTERESTED IN BENICORP INSURANCE COMPANY

On August 9, 2007, Indiana Insurance Commissioner Jim Atterholt (“Commissioner”) filed a Verified Petition for Rehabilitation (“Rehabilitation Petition”) as against Benicorp Insurance Company (“Benicorp”) with the Marion Circuit Court located in Indianapolis, Marion County, Indiana (“Court”). The Rehabilitation Petition was filed pursuant to Ind. Code 27-9-3, on the grounds that Benicorp had failed to timely file an independently prepared audit of its financial statement, as required by statute, and that Benicorp is currently in a financial condition that is hazardous to its policyholders, creditors or the public. After a hearing before the Court and with the consent of Benicorp, the Court entered an Order of Rehabilitation against Benicorp on August 9, 2007 which, in part:

- Appointed the Commissioner as Rehabilitator of Benicorp pursuant to Ind. Code 27-9-3;
- Bestowed the Commissioner with all authority and powers of a Rehabilitator as provided by such statutes; and
- Approved in all respects a plan recommended by the Commissioner (“Transition Plan”) which provides those currently insured by Benicorp with an option to transfer their coverage, on an expedited but orderly basis, from Benicorp to United Healthcare (“UHC”), which is a well known, well respected and financially sound company.

Pursuant to the Transition Plan as recommended to and approved by the Court:

- A) On or before the 1<sup>st</sup> day of September 2007, UHC will send to each of Benicorp's current employer groups and to their agents or brokers, a quotation proposal for UHC to provide coverage to that group (to be written on UHC policy forms and at UHC rates) commencing as of October 1, 2007 and running to and including the next annual renewal date as exists under that employer group's current Benicorp policy (except that the UHC quotation proposal that will be sent to any Benicorp employer group whose annual renewal date falls between October 1, 2007 and January 1, 2008, will be for a full year period – October 1, 2007 through and including September 30, 2008);
- B) In developing and submitting the quotation proposals, UHC will review the current coverage plans which each employer group now has with Benicorp and will, to the extent possible under the portfolio of coverage plans which UHC now offers, match those coverages as closely as possible, although UHC will also review and discuss other UHC coverage plan options should an employer group or its agent/broker want to consider a change in coverage;
- C) All employer groups and their agents/brokers will have until October 1, 2007 in which to accept the UHC quotation proposal, as originally submitted or based on discussions with UHC as to possible changes in coverage;
- D) For all quotation proposals that are accepted by or on behalf of an employer group on or before October 1, 2007, UHC has committed and guaranteed that it will issue to that employer group the coverage as described in the quotation proposal and at the quoted rates, and that it will not decline coverage to any such group so long as the quotation proposal is accepted in writing on or before October 1, 2007; and
- E) For all employer groups that timely accept the quotation proposal, UHC will, on the renewal date for each group, offer a 12 month rate based on its standard underwriting practices that are applicable to all other UHC groups.

While implementation of the Transition Plan continues (in order to provide those currently insured by Benicorp with the option to transfer coverage to UHC as described above), the Rehabilitator has now filed with the Court a Verified Petition for Liquidation as against Benicorp ("Liquidation Petition"). A copy of the Liquidation Petition (without Exhibits) as filed with the Court on August 17, 2007 is attached hereto.

The Court has scheduled a hearing to consider the Liquidation Petition for the 5<sup>th</sup> day of October, 2007, at 9:00 a.m. in Room W-506, City-County Building, Indianapolis, Indiana 46204. The hearing may be continued from day to day until completed, without further notice except as may be announced at the hearing. If you intend to object to the Liquidation Petition or you wish to appear at the hearing, then you must file with the Court a notice of such intention to object or to appear by no later than five (5) business days prior to the hearing date, together with a detailed statement of your objections and any other matters you intend to present at the hearing. To the extent you make any such filing with the Court, you must concurrently furnish a copy thereof to

the Rehabilitator's counsel, Donald J. Graham, Bingham McHale LLP, 2700 Market Tower, 10 West Market Street, Indianapolis, Indiana 46204.

You may obtain a copy of the Exhibits to the Liquidation Petition by mailing a written request to:

Benicorp Insurance Company, in Rehabilitation  
7702 Woodland Drive, Suite 200  
Indianapolis, IN 46278-1717

Also include with your request a check in the amount of Five Dollars (\$5.00), payable to Benicorp Insurance Company, to cover copying, mailing and handling costs. If you have other questions regarding Benicorp, please send them to the same address or you may call 317-290-1205.

Subject to the potential for guaranty association coverage as described below, if an Order of Liquidation is entered by the Court any Benicorp insurance policies and/or certificates which remain in effect as of the Order of Liquidation will, pursuant to Ind. Code 27-9-3-8, continue in force until the earlier of: (1) thirty (30) days from the date the Order of Liquidation is entered; (2) expiration of the policy coverage; (3) the date when the insured has replaced the policy coverage with equivalent coverage in another insurer or otherwise terminated the policy; or (4) the date when the Liquidator has affected a transfer of the policy obligations.

To the extent that an Order of Liquidation is entered and a Benicorp policy and/or certificate qualifies for coverage under an applicable guaranty association, then the coverage provided by the applicable guaranty association for that policy may extend beyond the termination dates set forth above. However, should an Order of Liquidation be entered against Benicorp, the Rehabilitator has been advised that the guaranty associations anticipate canceling the policies as soon as permitted under the contract and in accordance with each guaranty association's enabling statute and any other applicable law. Moreover, during the period of time in which coverage is provided by a guaranty association, it will be subject to certain statutory caps and limitations applicable to each guaranty association. In order to ensure the continuation of any coverage that may be provided by the guaranty associations after the entry of an Order of Liquidation, the insureds of Benicorp must continue to pay premiums for coverage. Failure to make such premium payments could result in the termination of coverage.

Benicorp is currently continuing to process and pay claims. If an Order of Liquidation is entered, then claims which qualify for guaranty association coverage that arose prior to that Order (and prior to such insured transferring his coverage to UHC or another insurer) and which are not paid by Benicorp, will be addressed and resolved by the applicable guaranty association, subject to the statutory caps and limitations applicable to each guaranty association.

BY ORDER OF THE COURT dated August 20, 2007.

Jim Atterholt, Indiana Insurance  
Commissioner, as Rehabilitator of  
Benicorp Insurance Company